

WHITE PAPER
LIFTING CHILDREN AND FAMILIES OUT OF POVERTY

Peter E. Weber
Founder and Chair, California Bridge Academies
Co-Chair, California Forward

July 9, 2018

WE CAN DO BETTER

When President Lyndon Johnson launched the war on poverty 64 years ago, he said *“Our aim is not just to relieve the symptoms of poverty but to cure and prevent it.”* Most of us will agree that we have relieved the symptoms of poverty, but cure and prevent it? Hardly.

California’s poverty rate is higher today than when the war on poverty was launched. Sadly, when adjusted for cost of living, we have the highest rate of poverty in the nation. Of the 14.1 million children in poverty in the U.S., 1.8 million live in California. We can do better.

We are belatedly starting to think about how to tackle this issue with the seriousness it deserves. Last year, the California Assembly passed [AB 1520](#), a bill authored by Assembly Member Autumn Burke, that created a task force to develop a plan to lift children and families out of poverty. The plan is to be completed in November of this year.

I’m hopeful the report will recognize the many faces of poverty; that there is no one-size-fits-all solution. Some children are born into poverty and remain poor throughout their lives. Some poor people have been dislocated by rapid changes in our economy that caused their skills to become obsolete. Many in poverty are seniors. Some have disabilities that prevent them from working. There are veterans with PTSD and people with various forms of mental illness or drug addiction. The solutions for all these groups are different, but they can be solved with ten essential strategies.

1. SAFETY NET PROGRAMS ARE ESSENTIAL, BUT WE MUST CONSTANTLY SEEK TO IMPROVE THEM.

Safety nets are the principal tool we have used to fight poverty. We have 92 federal anti-poverty programs. Expenditures for these programs are seldom added together, but they were in 2012. That year they totaled \$799 billion (for perspective, defense expenditures that year totaled \$676 billion, including \$118 billion to fight the wars in Iran and Afghanistan). Estimates are that we have spent more than \$25 trillion on poverty since 1964.

There are times when safety nets are the only way to mitigate the impacts of poverty. That’s true of seniors, individuals with serious disabilities, dislocated workers and others, but we have many needs and limited resources. We must seek continuous improvement as well as performance and accountability for the existing programs and any new programs we may seek to create. In 2014, a bipartisan group of former federal *government* leaders and advisors came together to write the national-best-selling book [Moneyball for Government](#). One conclusion: *“For the amount of money we spend on social goals we generally support, we often know next to nothing about whether what we’re*

doing is really working, or how". And even when we do know, we seldom act on what we know. One story told in the book is that since 1990, the federal government has conducted rigorous randomized controlled tests on ten large social programs which collectively cost taxpayers over \$10 billion annually and concluded that nine showed "weak" or no positive effects on their participants. Shouldn't we be re-allocating that funding to programs that demonstrably generate positive outcomes?

A program with which I am very familiar, the SNAP Employment and Training program, aimed at helping SNAP beneficiaries (known as CalFresh in California) prepare for employment, has been in place since 1985 but has never required reporting of outcomes. That, unfortunately, is not an exception. Very few government programs report outcomes, and even fewer do any cost-benefit analyses.

2. WE MUST DO BETTER AT CREATING PATHWAYS OUT OF POVERTY.

When the chair of the AB 1520 Task Force, Conway Collis, and other members of the Task Force came to Fresno in June to visit local anti-poverty programs and hold a listening session with residents of a poor neighborhood, they heard a young woman say, "I grew up in poverty, so if you want to add to the safety net I'm not going to look a gift horse in the mouth, but my aspiration is not to be more comfortable in poverty. I want help getting out of poverty. I want programs that focus on that outcome".

As founder and chair of the [California Bridge Academies](#) – a program that lifts CalFresh beneficiaries out of poverty, I know that most able-bodied adults on public assistance want to improve their economic circumstances. Our success rate – more than 80% of families enrolled in our program transition to good jobs and remain employed by their companies on the one-year anniversary of their employment -- shows they are very capable of doing that when given a hand-up. Let's be clear – it's the families that are doing the hard work. We are just helping them understand what is possible and helping them design pathways that transform possibility into reality. The pathways are not just about education, training and job placement assistance, they are about every life skill imaginable – for all members of the family. This year, about 10,000 people (more than 3,000 families) have enrolled in our 14 academies across the State.

3. MENTORSHIP IS ESSENTIAL

At the AB 1520 Task Force listening session in Fresno, a resident with decades of life in poverty said "Where do dreams come from when the only reality we know is poverty?".

My friend Brian King, the only member of the Task Force from the San Joaquin Valley, understands that well. Brian is the Director of [Fresno Street Saints](#), a program of the Economic Opportunity Commission in Fresno County. Brian grew up in Chicago and at age eight joined Gangster Disciples, the largest gang in the country. As an 11-year old, he was making \$100/day selling drugs. The gang was his family. As Brian puts it "some groups feel that if society is not going to take them in, they will create their own society". By age 31 he was the assistant to the #2 leader of Gangster Disciples. He then came to Fresno, became connected with local faith leaders, and for the last 25 years has dedicated his life to working in Fresno housing projects and neighboring schools with a network of mentors to show people an alternative pathway, an alternative family, a society that wants to take them in.

At the California Bridge Academies, the heart of our program is a group of committed people we call Career and Family Navigators, who virtually adopt their families for the 18-month duration of the program. They act as mentors, coaches and ombudspersons and they help their families design highly

individualized pathways to a better life. Their most important role is to help their families develop the self-confidence to succeed.

4. TWO-GENERATION PROGRAMS ARE ESSENTIAL

Anne Mosle, the executive director of the [2Gen Ascend program at the Aspen Institute](#), says: *“People have worked in silos in the past, thinking that if I just do everything for that child, that’s going to be enough, but it’s not. We have data, we have science that clearly states that if you want a child to thrive, a parent’s economic status, educational status and health status are some of the most important indicators for child success”*.

In their landmark report, [Opportunity, Responsibility, and Security: A Consensus Plan for Reducing Poverty and Restoring the American Dream](#), Brookings and AEI say *“Improving the family environment in which children are raised is vital to any serious effort to reduce poverty and expand opportunity. Twenty-five years of extensive and rigorous research has shown that children raised in stable, secure families have a better chance to flourish.”* They offer four recommendations: (1) Promote marriage as the most reliable route to family stability and resources; (2) Promote delayed, responsible childbearing; (3) Promote parenting skills and practices; and (4) promote skill development, family involvement, and employment among young men as well as women.

Working only with the children or only with the adults is worse than sub-optimal. As vitally important as early interventions are, millions have been spent on literacy programs to prepare low-income children for kindergarten, with the gains lost by the third grade when the children live in homes that don’t value and support education. We have thousands of case stories at the California Bridge Academies showing that 2-generation programs are not just effective but essential. Our experience is consistent with research that shows that children’s educational achievement improves as parental income increases. One report from Ascend shows that a \$3,000 annual income increase for parents results in a 17% increase in the lifetime earnings of their children.

5. IT’S ESSENTIAL THAT OUR EDUCATION SYSTEM KEEP UP WITH THE NEEDS OF OUR ECONOMY

The [Public Policy Institute of California](#) and [California Competes](#) have forecast that California will have a gap of 2.4 million skilled workers by 2030. We will be short 1.1 million B.S. degrees, and the remaining shortfall will be for workers with some level of post-secondary education.

A big part of the solution will rest with our community colleges, where completion of degrees or certificates is only 48% measured six years after student enrollment. The comparable number at our 4-year universities is only 55%. Clearly, we can do better.

This strategy is essential in the context of this white paper because low-income students enroll at a much lower rate than their peers and complete at a much lower rate than their peers. For example, Latino students, the fastest-growing segment of our population, complete at community colleges at only 31%.

But the work can’t begin in post-secondary education. We know that children who cannot read at grade level by the third grade have a better chance of entering the prison system than enrolling in college. The Local Control and Accountability Plan (LCAP) implemented by Governor Brown is intended to help address this issue, but more attention needs to be paid to determine if it is working as intended

We have to have effective, inter-connected interventions at every step in the pre-K to 16 continuum.

6. INTEGRATED SERVICE DELIVERY IS ESSENTIAL.

Those who say that our anti-poverty programs are terminally siloed are not necessarily intending criticism as much as recognizing reality. Every one of the 92 federal anti-poverty programs was created by a committee of the congress with limited jurisdiction and with a high priority placed on avoidance of duplication and fraud. As a result, each program is funded on a narrow set of unique metrics. Ask yourself, is there any program in the country that ties together all the strategies required to lift children and families out of poverty?

The result is that families in poverty often have to enroll multiple times with multiple agencies to receive the set of benefits -- including education and training programs -- that will address their circumstances; and it's not unusual for them to have to deal with half a dozen case managers. Is that good for the families? Is it cost-effective?

At the California Bridge Academies, we develop highly individualized "family-up" plans. In contrast with the traditional "agency-down" approaches that tell people in poverty what agencies have to offer, "family-up" approaches begin by understanding the unique needs of each family and map those needs to available services. In some instances, those plans begin with helping bring housing stability to the family. Or they might begin with mental services for a depressed head-of-household. In other cases, they might begin with helping the head-of-household get a GED (23% enroll without a high-school degree or GED). Or they might begin with training programs that lead to jobs with employers that hire former felons (18% of enrollees have prior criminal records). Or the plan might begin by dealing with an abusive landlord. Every family has a unique set of issues. Every plan includes multiple interventions, often addressed in parallel, but all plans aim at the same goal: sustained upward mobility for the family.

There are ways in which government can help this process. For example, in this era of technology, we can make program co-enrollment much simpler. But there are some things government is unlikely to be able to do. One of them is integrated service delivery. The way our government programs are structured causes the culture of government agencies to focus on compliance rather than outcomes. Changing that culture would require a major consolidation and restructuring of federal and state programs, with incentive mechanisms that focus on outcomes. That's unlikely to happen in the foreseeable future, but what government can do is contract the delivery of services to non-profit organizations that can blend the delivery of services to produce outcomes for the families they serve.

7. IT'S ESSENTIAL TO INCREASE THE QUANTITY OF LIVING WAGE JOBS.

California unemployment levels are currently very low, but much of our recent employment growth has been in low wage jobs, and there are regions of the State where unemployment remains high. To a significant extent, that's the unintended outcome of California policies:

- Manufacturing jobs pay excellent wages, but regulation and tax policy has prevented California's manufacturing industry from recovering from the great recession at the same rate as the rest of the nation (only 4.8% growth compared to 8.4% for the rest of the nation).
- Our inability to graduate students from STEM programs in sufficient numbers has required that we import many of the employees needed by California's tech sector.
- Failure to address California's housing shortage is impeding the creation of hundreds of thousands of high-wage construction jobs.
- Despite its world-leading productivity, California agriculture pays low wages in order to remain competitive with countries that pay much lower wages and operate under far less demanding

environmental standards in an industry where pricing is set by world markets. If our national security requires self-sufficiency in food production, we have to consciously decide if we should offer subsidies to enable agricultural workers to earn higher wages and better benefits, while retaining our competitiveness and protecting our food security.

- Good public-sector jobs, like police officers and firefighters, are being crowded out by obligations we have created to pay high pension and health benefit costs to retired employees.

8. AVOIDING DISINCENTIVES TO WORK IS ESSENTIAL

For decades, low-income people faced the prospect of losing public assistance benefits if they elected to increase their wage income. Initially enacted in 1975, the Earned Income Tax Credit (EITC) mitigates that effect. It has been increased multiple times at the federal level, and a State EITC was introduced in California in 2015 and augmented in 2017. Today, EITC is the third largest anti-poverty program in the country and enjoys broad bipartisan support. Unfortunately, many low-income people are unfamiliar with the program and fail to take advantage of it. Mentors and case managers should be encouraged to use the EITC program as a helpful tool for moving families into upward economic mobility pathways. And they should be encouraged to coach people as they transition out of dependence on public assistance, a scary prospect for many.

9. REDUCING CALIFORNIA'S COST OF LIVING IS ESSENTIAL

There's an income side and a cost side to poverty. The [Stanford Center on Poverty and Inequality](#) and [PPIC](#) tell us that 18 million Californians -- 40% of our population -- are economically vulnerable: 8.1 million in poverty, another 3.1 reliant on the safety net to rise above the poverty line, and 6.8 million who are "economically fragile", meaning that they do not have savings to cover emergencies or loss of a job. That's not just about low incomes, it's about what it costs to live in a State where the median cost of housing is 2.5 times the national average, average rent is about 50% higher than in the rest of the country (much higher in Coastal urban areas), and electricity and gas prices are the highest in the continental U.S. This has disproportionate impacts on vulnerable and disadvantaged populations. While Black homeownership rates are 41% in the nation excluding California, they are less than 33% in California.

In the Bay Area an income of \$105,530 is considered "low income". That's how much it costs to meet basic needs in the Bay Area. But that doesn't just mean people earning more than \$100,000 are struggling to make ends meet, it also means that low-income families are being driven out of the Bay Area to make room for high-income earners. Between 2007 and 2016 The Bay Area experienced a net reduction of 166,408 households with earnings less than \$100,000. And the problem is not isolated to just the Bay Area. Statewide, the California Realtors' affordability index showed that in the first quarter of this year less than a third (32 percent) of California families could afford to purchase the median-priced home in their community.

10. LIFTING LOW-INCOME NEIGHBORHOODS IS ESSENTIAL

Research led by [Stanford Professor Raj Chetty](#) shows that moving young, low-income children (below age 13) to more affluent neighborhoods improves their college attendance rates and earnings. These children also live in better neighborhoods as adults and are less likely to become single parents. That's encouraging, but it defies implementation at scale. Are housing vouchers in California's high-cost housing environment adequate to make this possible? What happens to the neighborhoods left behind?

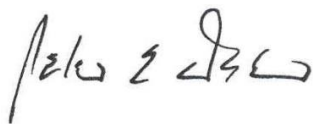
What we need to do is lift entire low-income neighborhoods, much as [Geoffrey Canada](#) has done with the [Harlem Children Zone](#) and much like Fresno non-profit [Reading and Beyond](#) is trying to do with its Family Success Program in zip code 93701, the zip code with the highest rate of poverty in California among zip codes with population greater than 10,000.

It's unacceptable that low-income neighborhoods have less access to health care, fewer parks, fewer grocery stores, and more liquor stores and Marijuana dispensaries. It's unacceptable that residents should have to pay more for healthy food products than residents in more affluent communities.

The new Opportunity Zone program created by the 2017 Tax Bill offers an excellent source of capital for lifting disadvantaged neighborhoods but attracting that capital will require persuading investors that these neighborhoods are investment-worthy. If California is to lead in attraction of Opportunity Zone capital, we must ensure the political commitment exists to ensure these neighborhoods are safe and well-served by public sector agencies.

We can try to tackle poverty by working with children and families, but we will come up short if children can't go from school to home without being accosted by gangs, if families are victims to the practices of unscrupulous landlords. Lifting neighborhoods requires extraordinary collaboration. Mayors, county agencies, school districts, community colleges, non-profits, banks, philanthropical organizations and many others all need to sing from the same hymn book. The role of State government is to create incentives for such collaboration to take place.

I have written this white paper based on my experience as founder and chair of the California Bridge Academies. Because I am also the co-chair of California Forward, I asked my colleagues on the executive council to review the document before I made it public. I am indebted to them for their wise counsel and guidance.

A handwritten signature in black ink, appearing to read "Peter J. Lee". The signature is fluid and cursive, with the first name "Peter" being the most prominent part.